



E-533-1
UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Export Administration
Washington, D.C. 20230

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

RMI Titanium Company
P.O. Box 269
1000 Warren Avenue
Niles, Ohio 44446-0269

Attention: Mr. L. Fredrick Gieg, Jr.
Chief Executive Officer

Dear Mr. Gieg:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), hereby charges that RMI Titanium Company (RMI) has violated Sections 787.4(a), 787.5(a)(1), and 787.6 of the Export Administration Regulations (15 C.F.R. Parts 768-799 (1996), as amended (61 Fed. Reg. 12714, March 25, 1996))¹ (the Regulations),² issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1996)) (the Act),³ as set forth below.

Facts constituting violations:

Charges 1-12

As described in greater detail in the Schedule of Violations, which is attached hereto and incorporated herein by reference, on six separate occasions between on or about May 20, 1992 and on or about May 7, 1993, RMI exported titanium alloy products from the United States to France and Israel without obtaining from BXA the validated export licenses RMI knew or had reason to know were

¹ The March 25, 1996 Federal Register publication redesignated, but did not republish, the existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996.

² The Regulations governing the violations at issue are found in the 1992 and 1993 versions of the Code of Federal Regulations. Those Regulations are codified at 15 C.F.R. Parts 768-799 (1992 and 1993).

³ The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)) and August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1996)).



required by Section 772.1(b) of the Regulations. BXA alleges that RMI, by selling, transferring, or forwarding commodities exported or to be exported from the United States with knowledge or reason to know that a violation of the Act, or any regulation, order, or license issued under the Act has occurred, is about to occur, or is intended to occur with respect to the transactions, committed six separate violations of Section 787.4(a) of the Regulations. BXA alleges that RMI, by exporting U.S.-origin commodities to any person or to any destination in violation of or contrary to the provisions of the Act, or any regulation, order, or license issued under the Act, committed six separate violations of Section 787.6 of the Regulations.

CHARGES 13-16

On four separate occasions between on or about May 20, 1992 and on or about May 7, 1993, as described on the attached Schedule of Violations, RMI used Shipper's Export Declarations, export control documents as defined in 770.2 of the Regulations, on which it represented to the U.S. Customs Service that the commodities described thereon, titanium alloy products, qualified for export from the United States to France under general license G-DEST. In fact, the commodities required a validated license for export from the United States to France. BXA alleges that RMI, by making a false or misleading misrepresentation, statement, or certification of a material fact, directly or indirectly, in connection with the use of an export control document, committed four violations of Section 787.5(a)(1) of the Regulations.

BXA alleges that RMI committed four violations of 787.5(a)(1), six violations of Section 787.4(a), and six violations of Section 787.6, for a total of 16 violations of the Regulations.

Accordingly, RMI is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions, including any or all of the following:

Denial of export privileges (see Section 764.3(a)(2), Section 788A.3(a)(1), and Section 788A.3(a)(2) of the Regulations);

Exclusion from practice (see Section 764.3(a)(3) and Section 788A.3(a)(3) of the Regulations); and/or

Imposition of the maximum civil penalty allowed by law of \$10,000 per violation (see Section 764.3(a)(1) and Section 788A.3(a)(4) of the Regulations).

Copies of relevant Parts of the Regulations are enclosed.

If RMI fails to answer the charges contained in this letter within 30 days after service as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7.

RMI is further notified that it is entitled to an agency hearing on the record as provided by Section 13(c) of the Act and Section 766.6 of the Regulations, if a written demand for one is filed with its answer, to be represented by counsel, and to seek a consent settlement.

RMI's answer should be filed with the Office of the Administrative Law Judge/Export Control, U.S. Department of Commerce, Room H-6839, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, in accordance with the instructions in Section 766.5 of the Regulations. In addition, a copy of RMI's answer should be served on BXA at the address set forth in Section 766.5, adding "ATTENTION: Lairold M. Street, Esq." below the address. Mr. Street may be contacted by telephone at (202) 482-5311.

Sincerely,

Mark D. Menefee
Acting Director
Office of Export Enforcement

Enclosures

Regulations), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1996)) (the Act).

RMI Titanium Company

SCHEDULE OF VIOLATIONS

| CHARGE NUMBER | DATE OF EXPORT FROM UNITED STATES (on or about) | COMMODITY | PACKING LIST NO. | SHIPPER EXPORT DECLARATION FILED | AIR OR OCEAN WAYBILL NO. | INVOICE NO. | DESTINATION |
|------------------|--|------------------|----------------------------|---|-----------------------------------|----------------|-------------|
| 1,7,13 | 5/20/92 | Titanium Alloy | 035011 | YES | ORD2972 01 (Air) | (1)90451 | France |
| 2,8 | 2/29/92 | Same as above | 034289 034290 | NO | N/A | (3)89753 | France |
| 3,9,14 | 7/2/92 | Same as above | 035277 | YES | 010814 457 (Ocean) | (5)90817 | France |
| 4,10 | 1/24/93 | Same as above | 036412 036413 | NO | 57-3200 00670 (Ocean) | (2)92868 | Israel |
| 5,11, 15 | 2/14/93 | Same as above | 033738 034284 034283 | YES | 057- 56713005 (Air) | (4)89557 | France |
| 6,12, 16 | 5/7/93 | Same as above | 038039 038040 | YES | 057566- 713090 (Air) | (4)94047 | France |

E-533-

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D.C. 20230

In the Matter of:

RMI TITANIUM COMPANY
P.O. Box 269
1000 Warren Avenue
Niles, Ohio 44446-0269,

Respondent

SETTLEMENT AGREEMENT

This Agreement is made by and between RMI Titanium Company (RMI) and the Bureau of Export Administration, United States Department of Commerce, pursuant to Section 766.18(a) of the Export Administration Regulations (15 C.F.R. Parts 768-799 (1996), as amended (61 Fed. Reg. 12714 (March 25, 1996)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1996)) (the Act).²

Whereas, the Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), has notified RMI of its intention to initiate an administrative

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² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)) and August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1996)).

proceeding against it pursuant to the Act and the Regulations, based on allegations that:

1. On six separate occasions between on or about May 20, 1992 and on or about May 7, 1993, RMI exported titanium alloy products from the United States to France and Israel without obtaining from BXA the validated export licenses that RMI knew or had reason to know were required by Section 772.1(b) of the Regulations, in violation of Sections 787.4(a) and 787.6 of the Regulations; and

2. On four separate occasions between on or about May 20, 1992 and on or about May 7, 1993, RMI made false or misleading statements of material fact to the U.S. Customs Service on an export control document, in violation of Section 787.5(a)(1) of the Regulations;

Whereas, RMI has reviewed the proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; it fully understands the terms of this Settlement Agreement and the proposed Order; it enters into this Settlement Agreement voluntarily and with full knowledge of its rights, and it states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

Whereas, RMI neither admits nor denies the allegations contained in the proposed Charging Letter;

Whereas, RMI wishes to settle and dispose of all matters alleged in the proposed Charging Letter by entering into this Settlement Agreement; and

Whereas, RMI agrees to be bound by an appropriate Order giving effect to the terms of this Settlement Agreement, when entered (appropriate Order);

Now Therefore, RMI and BXA agree as follows:

1. BXA has jurisdiction over RMI, under the Act and the Regulations, in connection with the matters alleged in the proposed Charging Letter.

2. BXA and RMI agree that the following sanction shall be imposed against RMI in complete settlement of all violations of the Act and the Regulations set forth in the proposed Charging Letter:

- a. RMI shall be assessed a civil penalty of \$160,000, which shall be paid to BXA within 30 days of the date of entry of an appropriate Order.
- b. As authorized by Section 11(d) of the Act, the timely payment of the penalty agreed to in paragraph 2a. is hereby made a condition to the granting, restoring, or continuing validity of any export license, permission, or privileges granted, or to be granted, to RMI. Failure to make timely payment of the civil penalty shall result in the denial of all of RMI's export privileges for a period of one year from the date of

entry of the appropriate Order imposing the civil penalty.

3. RMI agrees that, subject to the approval of this Settlement Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Settlement Agreement or the appropriate Order, when entered), including, without limitation, any right: (a) to an administrative hearing regarding the allegations in the proposed Charging Letter; (b) to request a refund of the civil penalty imposed pursuant to this Settlement Agreement and the appropriate Order, when entered; and (c) to seek judicial review or otherwise to contest the validity of this Settlement Agreement or the appropriate Order, when entered.

4. BXA agrees that, upon entry of an appropriate Order, it will not initiate any administrative proceeding against RMI in connection with any violation of the Act or the Regulations alleged in the proposed Charging Letter or otherwise arising out of activities disclosed to BXA by RMI prior to the entry of this Settlement Agreement.

5. RMI understands that BXA will make the proposed Charging Letter, this Settlement Agreement, and the appropriate Order, when entered, available to the public.


6. BXA and RMI agree that this Settlement Agreement is for settlement purposes only. Therefore, if this Settlement Agreement is not accepted and an appropriate Order is not issued

by the Assistant Secretary for Export Enforcement pursuant to Section 766.18(a) of the Regulations, BXA and RMI agree that they may not use this Settlement Agreement in any administrative or judicial proceeding and that neither party shall be bound by the terms contained in this Settlement Agreement in any subsequent administrative or judicial proceeding.

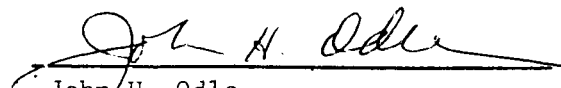
7. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the appropriate Order, when entered, nor shall this Settlement Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Settlement Agreement shall become binding on BXA only when the Assistant Secretary for Export Enforcement approves it by entering an appropriate Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

BUREAU OF EXPORT ADMINISTRATION, RMI TITANIUM COMPANY
U.S. DEPARTMENT OF COMMERCE


Mark D. Menefee
Acting Director
Office of Export Enforcement

Date: 11/26/96


John H. Odle
Executive Vice President

Date: NOV 21 1996

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D.C. 20230

In the Matter of:

RMI TITANIUM COMPANY
P.O. Box 269
1000 Warren Avenue
Niles, Ohio 44446-0269,

Respondent

ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), having notified RMI Titanium Company (RMI) of its intention to initiate an administrative proceeding against it pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1996)) (the Act),¹ and the Export Administration Regulations (15 C.F.R. Parts 768-799 (1996), as amended (61 Fed. Reg. 12714 (March 25, 1996)) (the Regulations),² based on allegations that:

¹ The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)) and August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1996)).

² The March 25, 1996 Federal Register publication redesignated, but did not republish, the existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996.

1. On six separate occasions between on or about May 20, 1992 and on or about May 7, 1993, RMI exported titanium alloy products from the United States to France and Israel without obtaining from BXA the validated export licenses that RMI knew or had reason to know were required by Section 772.1(b) of the Regulations, in violation of Sections 787.4(a) and 787.6 of the Regulations; and

2. On four separate occasions between on or about May 20, 1992 and on or about May 7, 1993, RMI made false or misleading statements of material fact to the U.S. Customs Service on an export control document, in violation of Section 787.5(a)(1) of the Regulations;

BXA and RMI having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:


FIRST, that a civil penalty of \$160,000 is assessed against RMI, which shall be paid to BXA within 30 days of the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, as authorized by Section 11(d) of the Act, the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to RMI. Accordingly, if RMI should fail to pay the civil

penalty set forth above in a timely manner, the undersigned will enter an Order under the authority of Section 11(d) of the Act denying all of RMI's export privileges for a period of one year from the date of entry of this Order.

THIRD, that the proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



John Despres
Assistant Secretary
for Export Enforcement

Entered this 8TH day of JANUARY, 1997.

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UNITED STATES DEPARTMENT OF
COMMERCE
NEWS

WASHINGTON, D.C. 20230

E-533-

BUREAU OF
EXPORT
ADMINISTRATION

FOR IMMEDIATE RELEASE:
January 8, 1997

CONTACT: Eugene Cottilli
Susan Hofer
(202) 482-2721
bxa.doc.gov

**OHIO COMPANY AGREES TO CIVIL PENALTY
TO SETTLE CHARGES OF ILLEGAL TITANIUM SHIPMENTS**

WASHINGTON -- The Commerce Department today imposed a \$160,000 fine against RMI Titanium of Niles, OH, to settle allegations that the company violated the Export Administration Act when it made six shipments of titanium alloy products to France and Israel without obtaining the required U.S. export licenses. John Despres, Commerce assistant secretary for Export Enforcement, made the announcement today.

The Department also alleged that the company made false and misleading statements of material fact on export control documents. The export of these titanium alloy products from the United States is controlled for nuclear nonproliferation purposes.

While neither admitting nor denying the violations, RMI agreed to pay the civil penalty.

The case resulted from an investigation by Commerce's Office of Export Enforcement Washington field office.

The Department of Commerce controls and licenses the export and re-export of dual-use commodities and technical data. Commerce's Bureau of Export Administration maintains and enforces these controls for reasons of national security, foreign policy, nonproliferation and short supply.